
Appropriations Committee

HB 1699

Brief Description: Permitting individuals retired from the public employees retirement system, the teachers retirement system, and the school employees retirement system additional opportunities to work for a school district for up to 1,040 hours per school year while in receipt of pension benefits until July 1, 2025.

Sponsors: Representatives Bergquist, Volz, Ryu, Leavitt, Chase, Robertson, Graham, Springer, Sells, Valdez, Dolan, Paul, Callan, Gilday, Goodman, Taylor, Macri, Ramos, Santos, Pollet, Griffey, Riccelli, Frame and Kloba.

Brief Summary of Bill

- Provides retirees in the Public Employees' Retirement System Plans 2 and 3, the School Employees' Retirement System Plans 2 and 3, and the School Employees' Retirement System Plans 2 and 3 the opportunity to continue receiving retirement benefits while working for a school district in a nonadministrative position for 1,040 hours per year.
- Expires the expanded postretirement employment provision on July 1, 2025.

Hearing Date: 1/20/22

Staff: David Pringle (786-7310).

Background:

The normal retirement age for members of Plans 2 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS) and the School Employees' Retirement System (SERS) is age 65. PERS, TRS, and SERS Plan 2 members with 20 years of service may retire as early as age 55 at actuarially reduced rates. PERS, TRS, and SERS Plan 3 members

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with 10 years of service can similarly retire as early as age 55. Benefits paid to persons who retire early from PERS, TRS, and SERS Plans 2 or 3 with less than 30 years of service are calculated using early retirement factors that provide a full actuarial reduction based on the number of years between the retirement age and age 65. For example, there is a 27 percent reduction of benefits for retirement at age 62 and a 41 percent reduction of benefits for retirement at age 60.

For individuals first employed before May 1, 2013, two early retirement factor options are available to PERS, TRS, and SERS Plan 2 and 3 members who retire with 30 or more years of service. One of the options was created in 2000 and reduces benefits by 3 percent for each year in the period between the retirement age and age 65. For example, there is a 9 percent reduction of benefits for retirement at age 62 and a 15 percent reduction of benefits for retirement at age 60. The other option that provides smaller benefit reductions was implemented in 2008 as a replacement for gain-sharing benefits. Under the 2008 Early Retirement Factors (ERF), PERS, TRS, and SERS Plan 2 and 3 members with 30 years of service may retire at age 62 with no reduction of benefits and at age 60 with a 5 percent reduction. For individuals first employed on or after May 1, 2013, a 5 percent per year reduction for each year in the period between the retirement age and age 65 is available for employees retiring with 30 or more years of service.

In 2016, the Legislature temporarily removed the benefit restrictions related to reemployment of TRS Plan 2 and 3 retirees that utilized the 2008 early reduction factors. This permitted retired TRS Plan 2 and 3 members to work for up to 867 hours per school year as substitute teachers in an instructional capacity without suspension of retirement benefits. This provision was written to expire in 2021, however in 2019 the Legislature removed the expiration of the provision, added SERS Plan 2 and 3 retirees in similar circumstances, and required that the retiree be employed in a nonadministrative position.

Summary of Bill:

Retirees from the Public Employees' Retirement System Plans 2 and 3, the School Employees' Retirement System Plans 2 and 3, and the School Employees' Retirement System Plans 2 and 3 may continue to receive benefits while working for a school district in a nonadministrative position for up to 1,040 hours per year. The provision expires July 1, 2025.

Appropriation: None.

Fiscal Note:

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.